

REMARKS

The Office Action dated November 30, 2004, has been received and carefully reviewed. The preceding amendments and the following remarks form a full and complete response thereto. Claim 1 is amended. No new matter has been added. Claims 1-51 are pending in this application and are submitted for reconsideration.

The specification was objected to for allegedly containing hyperlinks. Applicants traverse the objection. The three listings of URL addresses in the specification were not intended to be "live" hyperlinks, and, in fact, the hyperlinks were removed from the electronic document. The URL addresses merely provide additional information useful for the identification of documents, which were incorporated by reference. Accordingly, Applicants request that the objection be withdrawn.

The specification was objected to for containing numbered reference numbers used to reference documents. The practice of referencing publications throughout a document is understood by academics and has been utilized in journal articles and the like for dozens of years. Therefore, Applicants believe that the use thereof within the present specification will be readily understood by one having ordinary skill in the art. Accordingly, Applicants request that the objection be withdrawn.

Claim 1 was rejected under 35 U.S.C. § 112 as being indefinite. In particular, the term "peer" was objected to. Claim 1 was amended to delete the term "peer group" from the preamble. Accordingly, Applicants request that the rejection be withdrawn.

Claims 1-26 and 40-51 were rejected under 35 U.S.C. § 101 for allegedly failing to meet the "technological basis" requirement. Applicants respectfully traverse the rejection and submit that claims 1-26 and 40-51 comply with the requirements of 35 U.S.C. § 101.

35 U.S.C. § 101 specifically enumerates four classes of statutory subject matter: process, machine, manufacture, or composition of matter. The Supreme Court has construed § 101 broadly, noting that Congress intended statutory subject matter to "include anything under the sun that is made by man." See Diamond v. Charkrabarty, 447 U.S. 303, 309 (1980). The Court has specifically identified three categories of unpatentable subject matter: laws of nature, natural phenomena, and abstract ideas. Diamond v. Diehr, 450 U.S. 175, 182 (1981). In the present case, claims 1-26 and 40-51 are directed to method claims and are "processes" as enumerated in § 101. Since a method is statutory subject matter, it will not be patentable under § 101 only if it falls within one of the exceptions. In this case, the claims of the present invention would be unpatentable if they could be considered abstract ideas. The measure for determining whether a process is an abstract idea is whether it produces a "useful, concrete, tangible result." State Street Bank & Trust Co. v. Signature Fin. Group, Inc., 149 F.3d 1368, 1372-75 (Fed. Cir. 1998). In the present case, the claims result in storing in a database, estimated transaction costs for a number of investment institution relative to certain cost benchmarks, or the ranking of institutions based on their estimated transaction costs for a number of benchmarks. This information is extremely useful in that it allows persons to select the services of an institution based on the information in order to lower transaction costs. Clearly, this is a useful, concrete, and

tangible result. Thus, it is of no consequence whether all, part or none of the method is computerized because the method itself produces a useful, concrete, and tangible result. Applicants submit that claims 1-26 and 40-51 recite patentable subject matter under 35 U.S.C. § 101 and submit that the rejection is therefore improper. Accordingly, Applicants request that the rejection be withdrawn.

Claims 1, 6-8, 12-14, 19, 21, 25-27, 32-34, 38-41, 47-51 were rejected under 35 U.S.C. § 103 as being unpatentable over U.S. Published Application 2003/0225660 to Noser et al. ("Noser") in view of U.S. Patent No. 6,754,612 to Vanflader et al. ("Vanflader"). Applicants respectfully traverse the rejection and submit that claims 1, 6-8, 12-14, 19, 21, 25-27, 32-34, 38-41, and 47-51 recite subject matter not shown or suggested by the combination of cited prior art.

Claim 1, upon which claims 2-13 depend, recites a method for creating a database, which includes a step collecting security transaction data for a preselected period of time, for a plurality of investment institutions. The transaction data including identity of securities being traded, transaction order sizes, execution prices and execution times. The method also includes a step of grouping the transaction data into a plurality of orders. The method also includes a step of calculating a plurality of cost benchmarks for each of the plurality of orders. The method also includes a step of estimating transaction costs for each investment institution relative to the cost benchmarks. The method also includes storing the data.

Claim 14, upon which claims 15-26 depend, recites a method for ranking a first institutional investor's security transaction cost performance relative to transaction costs of

other institutional investors. The method includes a step of collecting security transaction data for a preselected period of time, for a plurality of investment institutions. The transaction data includes identity of securities being traded, transaction order sizes, execution prices, momentum and execution times. The method also includes steps of grouping the transaction data into a plurality of orders, calculating a plurality of cost benchmarks for each of the plurality of orders, estimating transaction costs for each investment institution relative to the cost benchmarks, and ranking the first institutional investor against the plurality of investment institutions for at least one of a number of factors.

Claim 27, upon which claims 28-39 depend, recites a system for ranking a first institutional investor's security transaction cost performance relative to transaction costs of other institutional investors which includes processing means for collecting security transaction data for a preselected period of time, for a plurality of investment institutions. The transaction data includes identity of securities being traded, transaction order sizes, execution prices, momentum and execution times. Processing means is further for grouping the transaction data into a plurality of orders, calculating a plurality of cost benchmarks for each of the plurality of orders, estimating transaction costs for each investment institution relative to the cost benchmarks, and ranking the first institutional investor against the plurality of investment institutions for at least one of a number of factors. The system further includes storing means for receiving data from the processing means, storing the data, and making data available to the processing means.

Claim 40, upon which claims 41-51 depend, recites a system for ranking a first institutional investor's security transaction cost performance relative to transaction costs of other institutional investors. The system includes a processing unit coupled with a network and configured to collect security transaction data for a pre-selected period of time, for a plurality of investment institutions, to group the transaction data into a plurality of orders, to calculate a plurality of cost benchmarks for each of the plurality of orders, to estimate transaction costs for each order relative to the cost benchmarks, and to store the data in a database. The transaction data includes identity of securities being traded, transaction order sizes, execution prices, momentum and execution times. The system also includes a database unit coupled with the processing unit and configured to communicate with the processing unit, store data and making data available to the processing unit.

Noser discloses a number of analyses, including a process for allocation of transaction costs. At paragraph 258 of Noser, it states that transaction costs are computed and stored at the finest level detailed that the method describes. At paragraph 260 it states that "it will specify whether to show detail or summary for each of the identifying elements of the allocated transactions. That is, one query may request factors per account per manager, and another request factors for each manager, with the manager's accounts summarized into a single measurement. It will also specify the desire to sequence of the results." Applicants submit that Noser merely focuses on calculating the actual costs of each agent involved with transactions and fails to disclose the estimation of transaction costs for each investment

institution or the ranking of institutions against one another, as defined by the claims of the present application.

Vanfladern describes a computing system for inserting performance markers into programs to obtain and provide data regarding the run-time benchmarking of the programs. Vanfladern does not disclose benchmarks in the same sense as used in the present invention (e.g., see claim 6) or the estimation of transaction costs for an investment institution relative to its costs benchmark. Therefore, Vanfladern can not cure the above-described deficiencies of Noser, and the combination of Noser and Vanfladern fails to disclose or suggest each and every feature of 1, 6-8, 12-14, 19, 21, 25-27, 32-34, 38-41, and 47-51. Accordingly, Applicants request that the rejection be withdrawn and claims 1, 6-8, 12-14, 19, 21, 25-27, 32-34, 38-41, and 47-51 be allowed.

Claims 2-5, 9-11, 15-18, 22-24, 28-31, 35-37, 42-46 were rejected under 35 U.S.C. 103(a) as being unpatentable over Noser et al. in view of Vanfladern et al., and further in view of the article "NYSE Execution Costs," by Werner ("Werner"). Applicants respectfully traverse the rejection and submit that claims 2-5, 9-11, 15-18, 22-24, 28-31, 35-37, and 42-46 recite subject matter not shown or suggested by the combination of cited prior art.

As described above, the combination of Noser and Vanfladern fails to disclose or suggest each and every feature of 1, 14, 27 and 40, upon which claims 2-5, 9-11, 15-18, 22-24, 28-31, 35-37, and 42-46 depend. Applicants submit that Werner fails to cure the deficiencies of the combination of Noser and Vanfladern. Particularly, Werner does not

disclose or suggest the estimation of transaction costs for each investment institution or the ranking of institutions against one another, as recited in the claims of the present application.


Furthermore, although Werner discloses a manner of regression, Werner fails to disclose or suggest the feature of regressing transaction costs onto a plurality of percentages (see claims 2, 15, 28 and 41 of the present application), as the Office Action asserted. Therefore, the combination of cited prior art does not disclose or suggest each and every element of the claims 2-5, 9-11, 15-18, 22-24, 28-31, 35-37, and 42-46.

Accordingly, Applicants request that the rejection of claims 2-5, 9-11, 15-18, 22-24, 28-31, 35-37, and 42-46 be withdrawn and that claims 2-5, 9-11, 15-18, 22-24, 28-31, 35-37, and 42-46 be allowed.

If for any reason the Examiner determines that the application is not now in condition for allowance, it is respectfully requested that the Examiner contact, by telephone, the Applicant's undersigned attorney at the indicated telephone number to arrange for an interview to expedite the disposition of this application.

In the event that this paper is not timely filed, the Applicant respectfully petitions for an appropriate extension of time. Any fees for such an extension together with any additional fees may be charged to Counsel's Deposit Account No. 02-2135.

Respectfully submitted,

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